Company Registration No. 08922409 (England and Wales)

TYRION SECURITY TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

TYRION SECURITY TOPCO LIMITED

COMPANY INFORMATION

Directors	C O'Sullivan L Newman S Hardyman D Downie R Jones G Loftus M Harrington
Secretary	S Hardyman
Company number	08922409
Registered office	Broadgate House Broadway Business Park Chadderton OL9 9XA
Auditor	KPMG LLP One St Peter's Square Manchester M2 3AE

TYRION SECURITY TOPCO LIMITED

CONTENTS

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report on Tyrion Security Topco Limited group of companies (the Group", or "VPS") for the year ended 31 March 2022.

Principal activities
During the year under review, the Group and its subsidiaries operated across a number of geographical markets and sectors.

The Group's principal activity (Security Services) is providing specialist temporary security for vacant properties, infrastructure sites and construction projects. VPS is Europe's leading provider of temporary security and offers an integrated security proposition using our unique Intelligent Triple Protection solution: blending Physical Protection (Steel Doors and Steel Panels), Monitored Technology (Alarms and CCTV Towers) as well as Human Intervention (Manned Guarding and our live-in Guardians solution).

The Security Services activity is split between three divisions: United Kingdom & the Republic of Ireland, Southern Europe (France, Spain, & Italy) and Northern Europe (the Netherlands & Germany). We are a leading provider to insurance companies, social housing projects, construction and infrastructure companies, property owners and managers, security managers and facilities managers.

The Group's "Evander" division principally provides glazing, doors and locks related services to the reactive insurance market, in which it is a market leader. The Evander division is also a leading provider of specialist noise abatement solutions that support reduction of noise in residential properties located around major rail, road and aviation infrastructure. This division operates in the United Kingdom and Northern Ireland.

The Group's "Redfields" business operates predominantly in the southern regions of the United Kingdom and provides various landscaping, cleaning and grounds maintenance services to house builders, local authorities and property managers. The directors completed the sale of Redfields on 30 September 2022.

On 22 July 2022 the VPS Group completed the purchase of M&R Solutions Ltd, a security services company, paying consideration of £18.6m to acquire 100% of the share capital and voting equity interest. The primary reason for the business combination was to increase market share and leverage expected synergies.

Review of business
The directors are satisfied with the results for the year. Despite on-and-off Covid-19 restrictions across the jurisdictions the Group operates in, revenue increased in the year – particularly in France and the Netherlands. The businesses most impacted by the UK restrictions in 2020 – Evander and Redfields – continued to return to more normalised levels of trading. In the UK Security Services business, intense competition led to a decline in the volume of business although the directors believe the market opportunity in the UK remains buoyant and growing.

The successful refinance has afforded the Group a level of compliance and management time more in keeping with the good health of the Group's financial position and has unlocked the door to M&A activity. The directors are pleased with the commercial relationship with the new lender.

Key performance indicators (continuing operations)

	Notes	2022 £'000	2021 £'000	Year on year movement
Revenue		149,005	145,193	+2.6%
Gross profit margin		45.2%	46.7%	-1.5 ppts
Adjusted EBITDA	1.21, 2	18,575	18,355	+1.2%
Net cash flow from operating activities		5,883	15,325	-61.6%

A challenging market for Evander and competitor pressure on the UK business offset strong revenue growth from the European businesses, particularly from France. As a result, revenue across the Group increased by 2.6% in the year.

Global inflationary pressures, and the removal of the Covid-19 support packages in jurisdictions in which the Group operates, have contributed to a decline in gross profit margin. The Group has implemented inflationary price increases across the core operating divisions to mitigate this in consultation with customers.

Investment in business restructuring initiatives in the current and prior year have resulted in reduced administrative expenses of £62,210,000 (2021: £63,003,000) and contributed to a £1,595,000 improvement in the Group's operating result to a profit of £404,000 (2021: £1,191,000 loss).

Key performance indicators (continuing operations) (continued)

The Group has reported a 1.2% increase in "Adjusted EBITDA", an alternative performance measure used by the Group to assess its underlying performance (see note 1.21).

Operating cash inflow generated by the Group in the year was £5.883m (2021: £15.325m).

Strategy

The Group is focused on the following key areas for our colleagues and customers:

1. Maintaining a **Divisional Structure** with a Lean Group Overhead
2. Improving **Controls** (both for Financial and Health & Safety related functions)
3. Enhancing Employee **Engagement**
4. Trading Themes:

   a. **Customer Proximity** – developing customer intimacy and agilely solving their problems
   b. **Commercially Responsive** – being responsive, knowledgeable and ambitious
   c. **Trusted Service** – ensuring that our cost to serve model allows us to offer value to our customers
   d. **Easy to work with** – ensuring that our systems and support functions enable us to deliver highest quality of services to our customers and colleagues

The Group believes that there are growth opportunities across all of its divisions through organic growth by increasing market share, offering new products and services to existing clients, expanding regionally, and offering existing products and services to new clients. The Group are actively seeking M&A opportunities for the Evander division and across the three Security Services divisions, having invested in an in-house M&A team to facilitate this.

Principal risks and uncertainties

The Group considers the following to be its principal risks to the development, performance, position or future prospects of the Group.

An assessment of each risk is provided below. The risks have not been presented in order of priority or importance.

Risk and Potential Impact	**Mitigation actions and controls**	**Link to business model and strategy**
People (moderate risk) Ability to attract and retain high-quality and capable colleagues at all levels of the organisation.	- Provide and maintain a safe environment for all employees - Operate a remuneration structure designed to encourage performance - Embed employee engagement and proactive employee development into business processes	- Employee Engagement - Controls (Health & Safety)
Changes in market demands (low risk) There are trends in certain sectors of the market that are moving towards technology-driven security solutions in place of the traditional manned guarding or fixed CCTV security solutions.	- The Group's technology driven solutions are often less than 10% of the cost of traditional manned guarding - New Product Development Framework guides investments in and development of new products and solutions - Innovative use of technology tailored to client needs	- Intelligent Triple Protection - Commercially Responsive - Customer Proximity - Disruptor to manned guarding

Principal risks and uncertainties (continued)

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
Liquidity (moderate risk) The liquidity position of the Group is underpinned by bank borrowings; any non-compliance with financial banking covenants may have a significant impact on the Group's liquidity position.	- Strong treasury management controls - Rigorous budgeting, planning and monitoring processes on financial covenants to ensure sufficient headroom for the business at all times - Free cash flow is a key performance metric for all parts of the Group	- Controls (Financial)
Competition and pricing (moderate risk) Certain markets that the Group operates in have lower barriers to entry. In some sectors, small competitors are attempting to compete for tenders based primarily on lower prices. Social housing budgets in some of our key markets have been reducing in recent years, which have led to an increased focus by customers on pricing. The Group is also facing higher costs due to general inflationary pressures and a significant increase in energy prices.	- Provide quality services and solutions - Often the Group is the only service provider that can provide property services, security and other labour-based services across a geographical market. - Group reviews it's pricing structures periodically in line with inflation, whilst also ensuring that the cost to serve clients is competitive versus lower cost providers. It is very important to ensure the Group delivers value to it's clients.	- Customer Proximity - Commercially Responsive - Trusted Service - Easy to work with
Credit risk (moderate risk) The Group has limited exposure to credit loss in the social housing and local authority markets. In the Commercial sector, the majority of the Group's customers are recognised international property managers and large corporate landowners with a low credit risk. The Group however recognises that the construction sector, to which it is already exposed and which also represents a key vertical market for growth for the Group, has an inherently higher credit risk.	- Strong credit control frameworks, including use of external reference points	- Controls (Financial) - Easy to work with
Interest Rates and Foreign Exchange (moderate risk) The Group holds floating-rate borrowings denominated in British Pounds Sterling and Euros. The Group recognises cash flow related risk resulting from change in EURIBOR and LIBOR benchmark rates and changes in British Pounds Sterling to Euro exchange rate.	- Treasury and risk management policies and controls	- Controls (Financial)

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties (continued)

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
Information technology systems (low risk) The Group operates a number of information technology systems including some that are bespoke and customised for the operations of the business. Any failures to these systems would have a temporary impact on our ability to deliver quality services to our customers.	- Plans are in place to upgrade and/or replace existing systems - Full disaster recovery plans are in place	- Easy to work with
Technology obsolescence (low risk) The Group maintains a fleet of security equipment that utilises various technologies to provide security services. As new technologies are developed our fleet of equipment may become less competitive on operational cost or on functionalities.	- Full refurbishment and maintenance program in place - New Product Development Framework guides investments in and development of new equipment	- Trusted Service - Controls (Financial)
Covid 19 (low risk) Potential for reduction in volume of business or ability to trade due to further Covid 19 outbreaks or related government restrictions.	- The Group continues to respond dynamically to the evolving risks and challenges arising from the pandemic, which now vary on a country-by-country basis. We will continue with the management approach followed throughout the pandemic, enabling us to react swiftly to protect our key stakeholders - Our priorities remain the health and safety of our colleagues, customer service, financial discipline and business continuity, which we have further invested in	- Controls (Health & Safety, Financial) - Commercially responsive - Trusted Service
Brexit (low risk) Risk that the Group's ability to competitively trade across Europe is negatively impacted by the UK having left the EU.	- Processes and controls have been put in place to ensure any increase in administrative burden does not affect the supply of equipment - The Group will continue to monitor the situation but believes there is no risk to ongoing trading or the supply of products	- Easy to work with - Commercially responsive - Trusted service

Principal risks and uncertainties (continued)

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
Ukraine conflict (moderate) Risk that the Ukraine conflict adversely impacts the Group through increased costs to serve and supply chain volatility (movement of goods and cost)	- Scenario modelling of key commodity / energy costs built into budget and re-forecasting - Close relationship with key suppliers, with key stock lines identified and mitigations in place, as monitored by Procurement teams - Trigger points in each business unit for when cost increases require passing through to clients	- Controls (Financial) - Easy to work with - Commercially responsive - Trusted service

Engaging with our stakeholders
A director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. By understanding our stakeholders, we can factor into discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

The directors consider that the following groups are the Company's key stakeholders. The directors seek to understand the respective interests of such stakeholder groups so that these may be properly considered in decisions. The directors do this through various methods, including: direct engagement by board members; receiving reports and updates from members of management who engage with such groups; and coverage in our board papers of relevant stakeholder interests with regard to proposed courses of action. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

Stakeholder	Their interests	How we engage
Our people	Health and safety and working conditions Training, development and prospects Fair pay and benefits	Regular training sessions Intranet, all-colleague emails and newsletters Workforce posters and communications Whistleblowing services Annual Employee engagement survey reported to executive board Board receives reports on a range of people matters Board provides regular business updates which are shared widely Leadership walks People steering group
Our customers	Safety Service and product performance Range of solutions Efficiency	Initial meetings and negotiations KPIs and feedback Customer complaints Contact centre Health and safety steering group Marketing and communications Executive director approval on significant contracts Executive director engagement with senior executives of major customers Board updates on trading and customer initiatives Customer interests considered in key executive decisions

Engaging with our stakeholders (continued)

Stakeholder	Their interests	How we engage
Our suppliers	Performance Quality Payment terms Fair trading Anti-bribery and corruption Anti-slavery Long-term partnerships Terms and conditions	Initial meeting and negotiations Senior management engagement Corporate responsibility reporting Board approval on significant orders
Our investors	Comprehensive view of financial performance of the business Comprehensive and reliable future plans Environmental, social and governance factors	Regular meetings Annual report Corporate website ESG reporting Off-site days
Regulatory bodies	Health and safety Compliance with regulators Worker pay and conditions Consumer protections	Direct engagement with regulators Regular reports from business on range of regulatory and issues to executive board

Energy and carbon reporting
The Group is committed to ensuring that its carbon footprint and wider impacts on the environment are as small as possible. To this end, emission data and other key environmental measures are prepared on a regular basis for presentation to the board and the Group's shareholders.

Two of the Group's subsidiaries fall within the Streamlined Energy and Carbon Reporting rules; VPS (UK) Limited and Evander Glazing and Locks Limited. As data for the period coterminous with the Group's financial year was not available, information shown below is for the twelve months ending 31 December 2021:

		Total	**Per £m revenue**
CO2 emissions	Total Scope 1 – tCO^2eq	3,561.14	40.47
	Total Scope 2 – tCO^2eq	133.33	1.52
	Total Scope 3 – tCO^2eq	4,724.19	53.68
		8,418.66	95.67
Other environmental	Water consumption (m^3)	16,750.27	190.34
	Total waste produced (metric tonnes)	6,779	77.03
	Share of total waste recovered	96.3%	

Comparatives are not shown, as this is the first reporting period for which energy and carbon reporting data has been disclosed.

On behalf of the board

....
R Jones
Director
9 December 2022

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C O'Sullivan
L Newman
S Hardyman
D Cavanagh (resigned 31 March 2022)
D Downie
F Fouletier (resigned 21 May 2021)
R Jones
G Loftus
M Harrington

Results and dividends
The loss for the year after taxation amounted to £8.0m (2021: £6.0m loss). A dividend of £180,000 was paid in the year (2021: £nil).

Equal opportunities and employment policy
The Group is committed to offering equal opportunities to all; no colleague or potential colleague receives more or less favourable treatment due to their gender, age, race, national or ethnic origin, disability, sexual orientation, or marital status. The Group is committed to the training and development of all colleagues and to providing a productive working environment.

Should an existing colleague's circumstances change, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever possible.

Colleague involvement
During the year, the policy of providing colleagues with information about the Group has continued through regular colleague updates, including increased use of social media, together with divisional meetings. Colleagues are actively encouraged to present their suggestions and views on the Group's performance. A free flow of information between the directors, managers and other colleagues ensures that every person has an opportunity to contribute ideas to the Group.

Health and safety
The Group strives to provide and maintain a safe environment for all colleagues, clients and visitors to its premises and comply with the relevant health and safety legislation. The Group is committed to the wellbeing of its colleagues and actively promotes best practice in the workplace.

Political donations
Neither the company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2021: £nil).

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern
The directors have prepared the accounts using the going concern assumption, in doing so they have considered severe yet plausible downside scenarios, more details of which are set out in Note 1 to the financial statements.

Future developments
The directors continue to recognise the additional value created by continued investment in both product and technology.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of colleagues becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The environment
The Group recognises that it is part of the wider community of employees, clients and suppliers amongst others and recognises that it has a responsibility to act in a way that respects the environment. The Group actively encourages colleagues to act in an environmentally responsible manner, particularly in the development of recycling and energy conservation policies to ensure finite resources are not dissipated.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

....
R Jones
Director
9 December 2022

Broadgate House
Broadway Business Park
Chadderton
OL9 9XA

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

Opinion

We have audited the financial statements of Tyrion Security Topco Limited ("the company") for the year ended 31 March 2022 which comprise the consolidated income statement and statement of comprehensive income, consolidated balance sheet, consolidated changes in equity, consolidated statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect
Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of meetings of the Board of Directors.
- Performing analytical procedures to identify any unusual or unexpected relationships.
- Considering remuneration incentive schemes and performance targets for directors, senior management and sales staff.
- Assistance of forensic specialists to evaluate the high level of unmatched items on the sales ledger.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk in respect of the inappropriate treatment of unmatched items on the sales ledger. This was in response to management's actions to improve the control environment in this area.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- Auditing a sample of revenue transactions around the year end to ensure the appropriate accounting treatment.
- Assessing whether the treatment of unmatched items on the sales ledger was appropriate and consistent with the supporting documentation and analysis.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards) and in-house legal counsel and discussed with both the directors and in-house legal counsel the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law of regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherent limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Carla Kennaugh

9 December 2022
Carla Kennaugh
for and on behalf of KPMG LLP, Senior Statutory Auditor
Chartered Accountants

One St Peters Square
Manchester
M2 3AE

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Continuing operations			
Revenue	**4**	149,005	145,193
Cost of sales		(81,596)	(77,347)
Gross profit		67,409	67,846
Administrative expenses		(62,210)	(63,003)
Net impairment (loss) / gain on trade receivables and contract assets	**4**	(364)	1,194
Non-underlying expenses	**3**	(4,431)	(7,228)
Total administrative expenses		(67,005)	(69,037)
Operating profit / (loss) (Adjusted EBITDA is disclosed in Note 2)	**5**	404	(1,191)
Finance costs	**7**	(6,579)	(5,663)
Other gains and losses	**8**	(811)	-
Loss before taxation		(6,986)	(6,854)
Taxation	**9**	(1,141)	1,159
Loss for the year from continuing operations		(8,127)	(5,695)
Discontinued operations			
Profit / (loss) for the year from discontinued operations	**13**	132	(353)
Loss for the year		(7,995)	(6,048)
Other comprehensive income			
Items which are or may be reclassified subsequently to profit or loss:			
Actuarial profit / (loss)		75	(66)
Foreign exchange reserve movement		14	600
Total comprehensive loss for the year		**(7,906)**	**(5,514)**

All of the comprehensive income or loss is attributable to the equity holders of the parent undertaking.

The accompanying notes form an integral part of these financial statements.

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET *AS AT 31 MARCH 2022*

	Notes	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	**10**	22,988	18,501
Intangible assets	**11**	41,882	49,511
		64,870	68,012
Current assets			
Inventories	**14**	2,330	2,047
Contract assets	**4**	3,207	4,070
Trade and other receivables	**15**	30,400	24,745
Assets held for sale	**13**	1,130	-
Cash and cash equivalents		9,911	21,148
		46,978	52,010
Total assets		111,848	120,022
Current liabilities			
Interest-bearing loans and borrowings	**18**	(13,126)	(4,954)
Lease liabilities – IFRS 16	**18**	(2,452)	(2,644)
Trade and other payables	**16**	(37,739)	(42,180)
Contract liabilities	**4**	(2,416)	(2,375)
Liabilities held for sale	**13**	(325)	-
		(56,058)	(52,153)
Total assets less current liabilities		55,790	67,869

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET *AS AT 31 MARCH 2022*

	Notes	2022 £'000	2021 £'000
Equity attributable to equity holders of the parent			
Share capital	22	24	24
Share premium	22	25,307	21,583
Other reserves	23	154,073	153,059
Retained earnings		(204,369)	(197,954)
Total equity		(24,965)	(23,288)
Non-current liabilities			
Interest-bearing loans and borrowings	18	67,904	59,990
Lease liabilities – IFRS 16	18	5,232	4,453
Trade and other payables	16	1,427	20,046
Provisions	20	1,829	1,663
Deferred tax liabilities	21	4,363	5,005
		80,755	91,157
Total equity and non-current liabilities		55,790	67,869

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 9 December 2022 and are signed on its behalf by :

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R Jones

Director

Company Registration No. 08922409

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £'000	Share premium £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2020	24	21,583	2,867	149,592	(191,840)	(17,774)
Year ended 31 March 2021:						
Loss for the year	-	-	-	-	(6,048)	(6,048)
Other comprehensive income	-	-	600	-	(66)	534
Balance at 31 March 2021	24	21,583	3,467	149,592	(197,954)	(23,288)
Year ended 31 March 2022:						
Loss for the year	-	-	-	-	(7,995)	(7,995)
Issue of share capital	-	5,409	-	-	-	5,409
Capital contribution	-	-	-	1,000	-	1,000
Capital reduction	-	(1,685)	-	-	1,685	-
Dividends paid	-	-	-	-	(180)	(180)
Other comprehensive income	-	-	14	-	75	89
Balance at 31 March 2022	24	25,307	3,481	150,592	(204,369)	(24,965)

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss for the year from continuing operations		(8,127)	(5,695)
Adjustments for:			
Depreciation, amortisation and impairment		17,200	17,519
Impairment of net liabilities held by disposal group		811	-
Foreign exchange losses		285	175
Financial expenses		6,579	5,673
(Profit) / loss on sale of property, plant and equipment		(126)	236
Taxation		1,129	(1,160)
		17,751	16,748
(Increase) / decrease in contract assets, trade and other receivables		(5,656)	1,639
Increase in inventories		(283)	(362)
Decrease in contract liabilities, trade and other payables		(5,345)	(2,221)
Increase in provisions		166	222
Tax paid		(741)	(867)
Net cash flow generated from operating activities of continuing operations		5,892	15,159
Net cash flow generated from operating activities of discontinued operations	13	(10)	166
Net cash flow generated from operating activities		5,882	15,325
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(15,754)	(8,178)
Proceeds from sale of property, plant and equipment		844	1,949
Net cash flow used in investing activities of continuing operations		(14,910)	(6,229)
Net cash flow used in investing activities of discontinued operations	13	(113)	(75)
Net cash flow used in investing activities		(15,023)	(6,304)
Cash flows from financing activities			
Proceeds from issue of shares		5,420	-
Proceeds from capital contribution		1,000	-
Loan notes repaid		(18,308)	-
Long-term loans repaid		(62,486)	(2,503)
Proceeds from new long-term loans		66,970	-
Proceeds from new short-term loans		10,000	-
Refinancing arrangement fees paid		(2,303)	-
Interest paid		(4,552)	(2,337)
Dividends paid		(180)	-
Finance lease liabilities entered into / (paid)		2,014	(5,216)
IFRS 16 lease liabilities entered into /(paid)		587	(727)
Net cash flow used in financing activities of continuing operations		(1,838)	(10,783)
Net cash flow used in financing activities of discontinued operations	13	(15)	(18)
Net cash flow used in financing activities		(1,853)	(10,801)

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £'000	2021 £'000
Net (decrease) in cash and cash equivalents	(10,994)	(1,780)
Cash and cash equivalents at 1 April	21,148	23,280
Cash transferred to disposal group	(188)	-
Effect of movements in exchange rates on cash held	(55)	(352)
Cash and cash equivalents at 31 March	9,911	21,148

The accompanying notes form an integral part of these financial statements.

1 Accounting policies

Corporate information
Tyrion Security Topco Limited (the "Company" or the "parent") is a private company limited by shares incorporated and domiciled in England and Wales. The registered office of the Company is located at Broadgate House, Broadway Business Park, Chadderton, OL9 9XA.

The Company and its subsidiaries (collectively, the "Group") principally engage in the provision of security services, property guardians, grounds related services and glazing, doors and locks related services.

1.1 Basis of preparation

The principal accounting policies adopted by the Group are set out below. These policies have been applied consistently to all periods presented unless otherwise stated. The consolidated financial statements of the Group (the "financial statements") present information about the group consisting of the Company and its subsidiaries. The financial statements were authorised for issue by the Company's board of directors.

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 1 to 6. The financial position of the Group and its cash flows are described in pages 18 to 19.

Compliance with International Financial Reporting Standards
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by IFRS Interpretations Committee as adopted by the UK and with Companies Act 2006 applicable to companies reporting under IFRS in the United Kingdom.

Financial reporting standards applicable for future financial periods
A number of new standards and amendments to existing standards are effective for annual periods beginning after 1 January 2023 and 1 January 2024 and have not been applied by the Group in preparing these consolidated financial statements. The standards and amendments include:

- IFRS 17 'Insurance Contracts'
- *Classification of Liabilities as Current or Non-Current* (*Amendment* to *IAS* 1)
- Presentation of information in primary financial statements (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds Before Intended Use (Amendments to IAS 16)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Non-current Liabilities with Covenants (Amendments to IAS 1 and IFRS Practice Statement 2)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

These IFRSs are not expected to have a material impact on the Group's consolidated financial position or performance of the Group.

Use of judgement and estimates
The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities where values are not readily apparent from other sources. Management is also required to exercise judgement, other than those involving estimations, in the application of the Group's accounting policies.

Areas where judgement and estimates have been applied that have a significant impact on the financial statements are detailed in note 1.21.

Measurement convention
The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

1 Accounting policies **(Continued)**

1.2 Going concern

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Group currently meets its day-to-day working capital requirements out of the cash balances that it retains, as well as the revolving credit facility where required. At the balance sheet date, the Group held cash balances of £9.9 million which management consider sufficient, along with cash generated from ongoing trading, to meet current liabilities as they fall due for the foreseeable future.

On 1 June 2021 the Group and Company completed a refinance. All loan facilities outstanding at the refinance date were repaid in full and a new loan facility was agreed sufficient to meet the funding of the Group and Company on an ongoing basis. The new loan facility is a £90 million facility comprising £23.75 million term loan, €51 million term loan, £12.5 million acquisition credit facility and £10 million revolving credit facility, and the Directors are confident that the new facility is serviceable. The new facility expires May 2028 with no principal repayments falling due before then.

At the balance sheet date the £23.75 million term loan, €51 million term loan and £10 million revolving credit facility were fully drawn. The £12.5 million acquisition credit facility was undrawn.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of these financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and covenant compliance. These forecasts include a number of assumptions including rental price and volume, Guardian occupation rate, lead generation and conversion rates, and margin assumptions. For the purpose of Going Concern reporting the Directors have considered a number of severe but plausible downside scenarios which cover the same period as the base case. These scenarios include the impact of further government imposed lock-downs from COVID-19 or similar global pandemic, slowing GDP growth in the wider economy, price inflation in operational costs, increased counter-party credit risk and interest rate sensitivities. Certain mitigating actions within the Group's control should these severe but plausible scenarios occur have also been considered. The Directors have also considered the impact of planned M&A transaction scenarios on covenant compliance. The forecast scenarios indicate that there remains sufficient headroom for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period.

The Directors have considered all of the factors noted above and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1 Accounting policies **(Continued)**

1.3 Basis of consolidation

The financial statements of the Group incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration voting rights and all relevant facts and circumstances that afford the Group power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Change in subsidiary ownership and loss of control
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and that a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value and assets arising from employee benefits.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non- current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been closed, disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon closure, disposal or when the operation meets the criteria to be classified as held for sale,. if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

1 Accounting policies **(Continued)**

1.5 Foreign currency

The functional and presentational currency of the parent is British Pound Sterling. The financial statements of the Group are presented in British Pound Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, British Pound Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal.

1 Accounting policies **(Continued)**

1.6 Financial instruments

Classification and measurement
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit and loss ("FVTPL"). This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial instruments issued by the Group are recognised as equity only to the extent that they meet the following two conditions:

a. they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1 Accounting policies **(Continued)**

1.6 Financial instruments (continued)

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables including contract assets, cash and cash equivalents, trade and other payables including contract liabilities, interest-bearing loans and borrowings, and equity instruments.

Trade and other receivables including contract assets
Trade receivables are measured initially at transaction price and other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less allowance for credit losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits held on call and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables including contract liabilities
Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. These amounts are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Interest-bearing loans and borrowings
Interest-bearing loans and borrowings are recognised initially at fair value net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

1.8 Derivative financial instruments

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward looking macro-economic information approach to assessing hedge effectiveness.

The Group's risk management policies include the use of derivative instruments to manage interest rate and foreign exchange related risks.

Derivative financial instruments are recognised initially at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

Fixtures, plant and equipment	6 years
Rental equipment	2 - 6 years
Motor vehicles	4 years

Depreciation methods, useful economic lives and residual values are reviewed at each balance sheet date.

1.10 Business combinations

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests in the acquiree, plus the fair value of the existing equity interest in the acquiree over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred and disclosed as non-recurring administrative expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

1 Accounting policies **(Continued)**

1.11 Intangible assets and goodwill

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development
Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets
Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation
Amortisation is charged to administrative expenses in the income statement on a straight-line basis over the estimated useful economic lives of intangible assets. The estimated useful economic lives vary within the ranges set out below depending on the trading characteristics of the businesses to which the assets relate and the Group's long- term plans for those businesses:

- patents and trademarks 5 years
- customer-related intangibles 5 - 12 years
- marketing and brand intangibles 3 - 15 years
- technology intangibles 6 years

Goodwill is systematically tested for impairment at each balance sheet date.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on a first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

1 Accounting policies **(Continued)**

1.13 Impairment

Financial instruments and contract assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Twelve month expected credit losses are the portion of expected credit loss that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired, and there is no reasonable expectation of recovery. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual clients, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

1 Accounting policies **(Continued)**

1.13 Impairment (continued)

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1 Accounting policies **(Continued)**

1.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.16 Revenue

Revenue from contracts with customers is recognised consistent with the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual goods and services provided to the end of the reporting period as a proportion of the total goods and services to be provided. This is determined based on an allocation of the transaction price to each performance obligation of the contract.

The transaction price is measured at fair value of the consideration received or receivable, excluding sales taxes.

The Group's major services and product lines are as follows:

Security services and guardians
Security and guardians services provided by the Group are used to improve the security of properties and sites for a period of time. The services include access control, monitoring, guardians and guarding, and may include the use of certain equipment such as alarms, security towers and steel security screens.

Revenues from security services are recognised over time based on the actual services provided in proportion to the period contracted for the services.

Glazing, doors and locks related services
Services in relation to glazing, doors and locks provided by the Group include repairs, installation and the provision of the products. Revenue from these activities is recognised at the point in time when the goods and services are provided.

Properties and grounds related services
The range of services provided by the Group in relation to properties and grounds includes property clearance, cleaning and grounds maintenance.

Where the Group is contracted to provide an agreed set of services for a period of time, or where the completion of a service spans a significant period of time, revenue is recognised over the contracted period in proportion to the contract price based on the services provided or based on the degree of completion of the service. For services that do not span a period of time, revenue is recognised at the point when the goods and services are provided.

1 Accounting policies **(Continued)**

1.17 Expenses

Financing income and expenses
Financing expenses comprise interest payable, including:

- the financing element of finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions
- the arrangement fees payable on completion of a new financing facility, expensed over the term of the facility using the effective interest method

Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Financing income and financing expenses are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Other accounting policies - Furlough receipts
Furlough income is recognised in the Consolidated Financial Statements when it can be reliably measured which the Group considers to be on receipt. In accordance with IAS 20 Government Grants the Furlough income of £nil (2021: £3,769,000) has been shown as a deduction from administrative expenses.

1.18 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1 Accounting policies **(Continued)**

1.19 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified assets, which may be specified explicitly or implicitly, and should physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the assets throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has his right when is has decision making rights that are most relevant to changing how and for what purpose the asset is used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the assets or the end of the lease term. The estimated useful lives of the right to use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

1 Accounting policies **(Continued)**

1.19 Leases (continued)

Lease payments, included in the measurement of lease lability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payment under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use assets has been reduced to zero.

Short term leases and leases of low value assets

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1 Accounting policies **(Continued)**

1.20 Alternative performance measures

In the reporting of financial information, the directors have adopted various alternative performance measures to provide additional useful information. These measures principally highlight underlying trends and performance, or function as key performance indicators.

Alternative performance measures are not defined under IFRS and are termed "non-GAAP measures". They are not designed to be a substitute for, or superior to, IFRS measures, and they may not be directly comparable to the similarly titled performance measures adopted by other entities.

The alternative performance measures presented in these financial statements are as follows:

Non-underlying expenses
The Group's income statement identifies trading results including non-underlying expenses separately.

Non-underlying expenses comprise costs that are principally one-off or non-recurring in nature, including, but not limited to, expenditures incurred relating to business restructuring, potential acquisitions, loan refinancing, and other costs that are not reflective of the underlying performance of the Group.

The directors believe that presenting the financial results this way is relevant to the underlying financial performance of the Group, as non-underlying expenses are identified by virtue of their size, nature and incidence. The presentation is consistent with the financial performance reported to the Board of the Company and to senior management. In determining whether an event or a transaction is treated as a non-underlying administrative expense, management considers quantitative and qualitative factors such as frequency of occurrence.

Adjusted EBITDA
Adjusted EBITDA is a measure of the underlying operating profit. The measure excludes non- underlying administrative expenses, interest income and expenses, foreign exchange gains and losses, depreciation and amortisation.

Adjusted EBITDA is related to some of the measures used in a Senior Facility Agreement under which a consortium of banks provides credit facilities to the Group and is therefore a key indicator of the Group's liquidity.

Further details of adjusted EBITDA are provided in note 2 to these financial statements.

1 Accounting policies **(Continued)**

1.21 Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities. Management is also required to exercise judgement, other than those involving estimations, in the application of the Group's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

- In relation to the Group's property, plant and equipment (note 10), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets. No circumstances have been identified to suggest that this is the case.

- Goodwill is reviewed annually to assess the requirement for impairment. Other intangible assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the carrying value of such assets is not supportable. Impairment testing on goodwill is carried out in accordance with the analyses described in note 11. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in particular markets as well as short-term business performance. The directors draw upon experience as well as external resources in making these judgements.

- The Group is required to estimate the cost of settling dilapidation obligation for it property leases. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot of office / depot space (see note 20).

- The classification of an item of expenditure as non-underlying expenses requires judgement to determine whether the item of expenditure is part of the normal underlying operating activities (see note 3).

- In determining when revenue from a contract with a customer is to be recognised, it is necessary to determine the nature of the contractual obligations and when a customer obtains control of the goods and services. Determining the nature of the contractual obligations and timing of the transfer of control over goods and services require judgement.

- The Group has tax losses and other deductible temporary differences that have the potential to reduce tax payments in future years. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to the projected future taxable income and after taking into account specific risk factors that affect the recovery of these assets. These profit projections require judgement relating to the long-term growth prevalent in particular markets as well as short-term business performance. The directors draw upon experience as well as external resources in making these judgements.

1 Accounting policies **(Continued)**

- The Group applies the IFRS 9 model by calculating expected credit losses ("ECLs") based on historic loss rates, and taking into account known circumstances at year end to update the rates if required.

  The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 15.

2 Adjusted EBITDA

	2022 £'000	2021 £'000
Operating profit / (loss)	404	(1,191)
Add back:		
Depreciation	9,880	9,616
Amortisation	7,320	7,707
Impact of accounting standards:		
IFRS 9 (impairment of financial assets)	109	(1,526)
IFRS 15 (revenue recognition)	148	42
IFRS 16 (non-depreciation)	(3,628)	(4,093)
Impairment of tangible fixed assets	-	195
(Profit) / loss on disposal of property, plant and equipment	(126)	236
Non-underlying expenses (note 3)	4,431	7,228
Foreign exchange losses	37	141
Adjusted EBITDA	18,575	18,355

Adjusted EBITDA as calculated above is a preferred alternative performance measure of the underlying operating performance of the business.

3 Non-underlying expenses

Included in the income statement are the following:	**2022 £'000**	**2021 £'000**
Non-underlying expenses:		
Advisor fees (1)	112	658
Restructuring costs (2)	1,374	2,454
Refinancing costs (3)	2,357	2,641
Other (4)	588	1,475
Total	4,431	7,228

1. Included within advisor fees are amounts that related to professional advice received on business restructuring activities that occurred during the year.
2. Restructuring costs relate to amounts incurred to transform business operations including people-related costs such as severance pay, recruitment fees and incremental staff costs.
3. Refinancing costs relate to the incremental costs incurred in refinancing the debt facility that was completed on 1 June 2021. The costs incurred in the year comprise advisor fees of £2.1m and additional resource costs totaling £0.3m.
4. Other non-underlying expenses include new business start-up costs, property exit costs and costs incurred in response to the COVID-19 outbreak.

Non-underlying expenses is an alternative performance measure used by the management to assess the underlying financial performance of the Group. Further details of non-underlying expenses are provided in note 1.20.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Revenue

In the following table, revenue is disaggregated by primary geographical markets, major products / service lines and timing of revenue recognition.

	2022 £'000	2021 £'000
Primary geographical locations		
United Kingdom	81,112	78,934
Rest of Europe	67,893	66,259
	149,005	145,193
Major products / service lines and revenue recognition:		
Security services – over time	99,246	98,595
Glazing, doors and locks related services - point in time	39,806	37,343
Guardians – over time	9,953	9,255
	149,005	145,193
Revenue recognition		
Over time	109,199	107,850
Point in time	39,806	37,343
	149,005	145,193

	2022 £'000	2021 £'000
Contract assets and liabilities		
Trade receivables	27,270	20,946
Contract assets	3,207	4,070
Contract liabilities	(2,416)	(2,375)

4 Revenue (Continued)

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	2022 £'000	2021 £'000
Contract liabilities		
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,375	2,029
Increases due to cash received, excluding amounts recognised as revenue during the period	(2,416)	(2,137)
Contract assets		
Transfers from contract assets recognised at the beginning of the period to receivables	(4,070)	(2,715)
Increases as a result of changes in the measure of progress	2,843	2,606
Impairment of contract assets	364	1,194

Contract assets primarily relate to the Group's rights to consideration for work completed but not invoiced at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities primarily relate to the advance consideration received from customers for goods and services. For services, contract liabilities relate to advance consideration for services, including security services, which are generally fulfilled evenly over time.

No information is provided about remaining performance obligations that have an original expected duration of one year or less, as allowed by IFRS 15.

5 Operating loss

	2022 £'000	2021 £'000
Operating profit / (loss) for the year is stated after charging / (crediting):		
Amortisation of intangible assets	7,320	7,707
Impairment of tangible assets	-	195
Depreciation:		
- of owned property, plant and equipment	5,330	5,088
- of property, plant and equipment held under hire-purchase and finance leases	4,549	4,528
(Profit) / loss on disposal of property, plant and equipment	(126)	236
Auditors' remuneration		
- audit of these financial statements	138	138
- audit of subsidiary undertaking financial statements	256	293
Fees payable to the Company's auditor and its associates in respect of:		
- taxation compliance services	58	54
- other tax advisory services	148	96

Fees payable to the Company's auditor and its associates relates to services provided to the Group.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Operational	783	835
Administration, sales and marketing	511	564
	1,294	1,399

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	44,967	45,305
Social security costs	9,422	7,497
Pension costs	1,142	1,903
	55,531	54,705

The employee costs above exclude the impact of deducting Furlough receipts during the year of £nil (2021: £3.596 million).

Details of the directors' remuneration are disclosed in note 25.

7 Finance costs

	2022 £'000	2021 £'000
Total interest expense on financial liabilities measured at amortised cost	5,808	3,725
Interest on loan notes	260	1,412
Finance lease interest	568	526
Bank interest income	(57)	-
Total finance costs	6,579	5,663

8 Other gains and losses

	2022 £'000	2021 £'000
Loss incurred relating to disposal group	811	-

9 Taxation

	2022 £'000	2021 £'000
Current tax		
Corporation tax on profits for the current period	1,580	334
Adjustments in respect of prior periods	-	(91)
Total current tax	1,580	243
Deferred tax		
Origination and reversal of temporary differences	(2,198)	(1,402)
Changes in tax rates	1,771	-
Total deferred tax	(427)	(1,402)
Tax attributable to continuing operations	1,153	(1,159)
Tax attributable to discontinued operations	(12)	-
Total tax charge / (credit)	1,141	(1,159)
Recognised in other comprehensive income		
Retranslation of deferred tax balances	(34)	(101)

The charge / (credit) for the year can be reconciled to the loss per the income statement as follows:

	2022 £'000	2021 £'000
Loss before taxation	(6,986)	(6,854)
Expected tax credit based on a corporation tax rate of 19% (2021: 19%)	(1,327)	(1,302)
Effect of:		
- expenses not deductible in determining taxable profit	827	1,414
- income not taxable	(292)	(1,446)
- adjustment in respect of prior periods	-	91
- overseas tax rates	28	21
- deferred tax not recognised	146	130
- change in deferred tax rate	1,771	-
Tax charge / (credit) for the year attributable to continuing operations	1,153	(1,092)
Tax credit attributable to discontinued operations	(12)	(67)
Total tax charge / (credit) for the year	1,141	(1,159)

Factors affecting the tax charge

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax liability as at 31 March 2022 was calculated at 25% (2021: 19%).

9 Taxation **(Continued)**

The Group has approximately £39.7 million (2021: £39.5 million) of tax losses carried forward. No deferred tax asset has been recognised on these losses due to the lack of visibility of taxable profits arising in the near term.

10 Property, plant and equipment

	Rental equipment £'000	Motor vehicles £'000	Fixtures, plant and equipment £'000	Total £'000
Cost				
Balance at 1 April 2020	41,390	13,038	19,934	**74,362**
Additions	5,066	2,099	4,297	**11,462**
Disposals	(6,677)	(2,786)	(7,820)	**(17,283)**
Foreign exchange difference	(756)	(194)	(271)	**(1,221)**
Balance at 31 March 2021	39,023	12,157	16,140	**67,320**
Additions	4,954	4,004	6,309	**15,267**
Disposals	(6,789)	(1,732)	-	**(8,521)**
Transfer to assets held by disposal group	-	(195)	(215)	**(410)**
Foreign exchange difference	278	(45)	1,264	**1,497**
Balance at 31 March 2022	**37,466**	**14,189**	**23,498**	**75,153**
Accumulated depreciation and impairment				
Balance at 1 April 2020	34,633	8,149	12,067	**54,849**
Depreciation charge for the year:				
- continuing operations	3,755	2,034	3,827	**9,616**
- discontinued operations	-	10	49	**59**
Disposals	(5,128)	(2,370)	(7,598)	**(15,096)**
Impairment	-	-	195	**195**
Foreign exchange difference	(561)	(111)	(132)	**(804)**
Balance at 31 March 2021	32,699	7,712	8,408	**48,819**
Depreciation charge for the year				
- continuing operations	3,597	2,253	4,030	**9,880**
- discontinued operations	-	25	55	**80**
Disposals	(6,439)	(1,364)	-	**(7,803)**
Transfer to assets held by disposal group	-	(181)	(69)	**(250)**
Foreign exchange difference	327	(26)	1,138	**1,439**
Balance at 31 March 2022	**30,184**	**8,419**	**13,562**	**52,165**
Net book value				
At 31 March 2022	**7,282**	**5,770**	**9,936**	**22,988**
At 31 March 2021	6,324	4,445	7,732	18,501

10 Property, plant and equipment (Continued)

Leased assets

	Fixtures, plant and equipment £'000	Motor vehicles £'000	Total £'000
Balance at 1 April 2021	5,662	3,136	**8,798**
Balance at 31 March 2022	6,616	5,706	**12,322**
Depreciation charge for the year	2,341	2,209	**4,550**

Additions of right-of-use assets	**7,763**

11 Intangible assets

	Goodwill £'000	Customers and marketing £'000	Technology £'000	Other £'000	Total £'000
Cost					
Balance at 1 April 2020	113,704	84,801	6,021	8,169	**212,695**
Other additions – externally purchased	-	-	-	549	**549**
Disposals	(2,056)	-	-	(5,453)	**(7,509)**
Foreign exchange differences	(959)	(1,482)	(9)	(39)	**(2,489)**
Balance at 31 March 2021	110,689	83,319	6,012	3,226	**203,246**
Other additions – externally purchased	-	-	-	599	**599**
Disposals	-	-	-	(350)	**(350)**
Transfer to assets held by disposal group	(1,714)	(2,690)	-	-	**(4,404)**
Foreign exchange differences	(232)	(353)	(2)	(4)	**(591)**
Balance at 31 March 2022	**108,743**	**80,276**	**6,010**	**3,471**	**198,500**
Amortisation and impairment					
Balance at 1 April 2020	94,508	47,753	5,648	7,290	**155,199**
Charge for the year	-	7,038	344	325	**7,707**
Eliminated on disposal	(2,056)	-	-	(5,453)	**(7,509)**
Foreign exchange differences	(663)	(954)	(8)	(37)	**(1,662)**
Balance at 31 March 2021	91,789	53,837	5,984	2,125	**153,735**
Charge for the year	-	6,697	27	596	**7,320**
Eliminated on disposal	-	-	-	(344)	**(344)**
Transfer to assets held by disposal group	(1,714)	(1,996)	-	-	**(3,710)**
Foreign exchange differences	(159)	(219)	(1)	(4)	**(383)**
Balance at 31 March 2022	**89,916**	**58,319**	**6,010**	**2,373**	**156,618**
Net book value					
At 31 March 2022	**18,827**	**21,957**	**-**	**1,098**	**41,882**
At 31 March 2021	18,900	29,482	28	1,101	49,511

Other intangible assets include costs in relation to patents, trademarks, and advisor and development costs paid for software for the key Group operating systems.

Amortisation is recognised in administrative expenses in the income statement.

Customer-related assets have useful economic lives recognised at the time of acquisition of between 5 and 12 years. Customer-related assets are based on the present value of projected cash flows, in excess of the returns on contributory assets, over the life of the relationship with customers.

Marketing-related assets have useful economic lives recognised at the time of acquisition of between 3 and 15 years. Marketing-related assets represent the benefit of not having to pay royalties to licence the right to use marketing-related intangible assets.

11 Intangible assets **(Continued)**

Technology-related assets have useful economic lives recognised at the time of acquisition of 6 years. Technology-related assets represent the benefit of not having to incur costs in the design, development and testing of acquired technology.

Goodwill acquired in business combinations has been allocated to cash generating units ("CGUs") as follows:

	2022 £'000	2021 £'000
VPS (UK) Limited	9,650	9,650
VPSitex SAS	3,355	3,384
Netherlands	3,230	3,259
Prodomo SAS	1,761	1,776
Evander Glazing and Locks Limited	831	831
	18,827	18,900

The recoverable amount of each CGU has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

VPS (UK) Limited	**2022**	**2021**
Period on which management-approved forecasts are based	5 Years	5 Years
Growth rate applied from year 5	2.50%	2.50%
Pre-tax discount rate	11%	10%

VPSitex SAS	**2022**	**2021**
Period on which management-approved forecasts are based	5 Years	5 Years
Growth rate applied from year 5	2.50%	2.50%
Pre-tax discount rate	11%	10%

Netherlands	**2022**	**2021**
Period on which management-approved forecasts are based	5 Years	5 Years
Growth rate applied from year 5	2.50%	2.50%
Pre-tax discount rate	12%	11%

Prodomo SAS	**2022**	**2021**
Period on which management-approved forecasts are based	5 Years	5 Years
Growth rate applied from year 5	2.50%	2.50%
Pre-tax discount rate	11%	10%

11 Intangible assets **(Continued)**

Evander Glazing and Locks	**2022**	**2021**
Period on which management-approved forecasts are based	5 Years	5 Years
Growth rate applied from year 5	2.50%	2.50%
Pre-tax discount rate	11%	10%

Discount rates are based on the historical cost of capital data for similar entities, with a debt leveraging of an average market participant of 25%. The discount rate has been calculated for the Group as a whole and adjusted for the additional risk premium of the individual CGUs based on their relative risk and return characteristics. The slight increase in the discount rate compared to 2021 reflects the increase in the underlying risk-free rate based on Bank of England 20-year Government bond from 1.31% to 2.21%.

Cash flow projections are based on budgeted Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") projections, adjusted for projected capital expenditure ("Capex") net of lease funding and repayments. Budgeted EBITDA projections have been derived based on expectations of future outcomes considering past experience, adjusted for revenue growth.

Cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that an average market participant would make.

The cash flow projections for each CGU have been prepared on a prudent basis. If growth rates were to be below those modelled in capex driven CGUs (VPS UK, VPSitex SAS or Prodomo SAS) the business could reduce capex to offset the cash flow impact of a reduction in EBITDA.

For Service CGUs (Evander), Capex is typically lower so there is less scope to offset lower growth by reducing Capex. However, the multi-year, tendered, predictable nature of the contractual revenue streams of the business means that the probability of forecasted growth rates not being met is lower.

The recoverable amount for impairment testing has been determined on a value in use basis at Group level and for individual CGUs. At Group level the impairment testing for the year ended 31 March 2022 indicates that the recoverable amount of goodwill and intangible assets exceeds the carrying amount. The recoverable amount is consistent with prior year and the carrying amount has reduced due to amortisation of intangible assets in the year, creating additional headroom.

The impairment testing also indicates that the recoverable amount of goodwill and intangible assets exceeds the carrying amount on an individual CGU basis, and as such no impairment charge has been booked in the year ended 31 March 2022.

Impairment calculations are potentially sensitive to changes in the discount rate, and growth rate assumptions. A 4.4% increase in the discount rate (50% increase), with all other assumptions held constant, would be required before the next CGU would become impaired. A decrease of 6.7% in the growth rate (268% reduction), with all other assumptions held constant, would be required before the next CGU would become impaired. At Group level neither doubling the discount factor, nor removing the growth rate altogether would trigger an impairment charge.

12 Subsidiary undertakings

Details of the company's subsidiary undertakings at 31 March 2022:

Name of undertaking	Country of incorporation	Nature of business
Tyrion Security Debtco Limited *	England and Wales	Holding company
Tyrion Security Midco Limited	England and Wales	Holding company
Tyrion Security Bidco Limited	England and Wales	Holding company
VPS Holdings Limited	England and Wales	Holding company
Vacant Property Security Limited	England and Wales	Holding company
VPS (UK) Limited	England and Wales	Provision of security services
VPSitex NI Limited ¤	England and Wales	Provision of security services
VPS Site Security Limited	England and Wales	Provision of security services
VPS Guardians Limited	England and Wales	Provision of security services
Redfields Landscaping and Design Limited	England and Wales	Provision of grounds maintenance services
Evander Glazing and Locks Limited	England and Wales	Provision of glazing, locks and door fitting services
Highway Windscreens (UK) Limited	England and Wales	Dormant
VPSitex Holdings Netherlands B.V.	Netherlands	Provision of security services
FMT Beheer B.V.	Netherlands	Provision of security services
VPSitex Holdings France SAS	France	Provision of security services
Prodomo SAS	France	Provision of security services
VPSitex SAS	France	Provision of security services
VPS Residents Temporaires SAS	France	Provision of security services
VPSitex Espana S.L.U.	Spain	Provision of security services
VPSitex Deutschland GmbH	Germany	Provision of security services
VPSitex Ireland Limited	Ireland	Provision of security services
VPSitex Italia S.R.L.	Italy	Provision of security services
VPS Site Security Netherlands BV	Netherlands	Provision of security services

The Group controls 100% of the issued Ordinary share capital of each of the above subsidiary undertakings.

* Directly held

¤ Subsidiary is exempt from the requirements of the Companies Act 2006 relating to the audit of its individual accounts by virtue of section 479A.

The registered address for:
Companies incorporated in England and Wales - Broadgate House, Broadway Business Park, Chadderton, OL9 9XA, United Kingdom
Companies incorporated in Italy - Via Magenta 35, 10128 Torino, Italy
Companies incorporated in Germany - VPSitex Deutschland GmbH, Darwinstraße 17, 10589 Berlin, Germany
Companies incorporated in Ireland - 2 Seapoint Avenue, Blackrock, Co. Dublin, Ireland
Companies incorporated in the Netherlands - Dr Kuyperstraat 9, 2514 BA Den Haag, Netherlands Companies incorporated in France - 8 Rue Bernard Buffet, 75017, Paris, France
Companies incorporated in Spain - C/ Albert Einstein, 2, 08940 Cornellà de Llobregat, Barcelona, Spain

13 Disposal group

On 30 September 2022, the Group completed the sale of Redfields Landscaping & Design Limited ("Redfields"), a subsidiary of the Group that engaged principally in grounds maintenance and landscaping services. The sale of Redfields was actively being negotiated at the balance sheet date and therefore its results have been disclosed as discontinued operations in the consolidated income statement and the consolidated statement of cash flows for the year to 31 March 2022, while its assets and liabilities have been disclosed as held for sale in the consolidated balance sheet at 31 March 2022.

The operations of Redfields were a separate major line of business or geographical area of operations of the Group as follows:

	2022 £'000	2021 £'000
Revenue	3,437	2,851
Cost of sales	(2,369)	(2,114)
Gross profit	1,068	737
Administrative expenses	(909)	(1,027)
Non-underlying expenses	1	(60)
Total administrative expenses	(908)	(1,087)
Operating profit / (loss)	160	(350)
Finance costs	(16)	(3)
Profit / (loss) before taxation	144	(353)
Taxation	(12)	-
Profit / (loss) for the year	132	(353)

	2022 £'000	2021 £'000
Cash flows from operating activities		
Profit / (loss) for the year	132	(353)
Adjustments for:		
Depreciation, amortisation and impairment	80	59
Loss / (profit) on sale of property, plant and equipment	1	(1)
Taxation	12	-
	225	(295)
(Increase) / decrease in contract assets, trade and other receivables	(167)	1,347
Decrease in contract liabilities, trade and other payables	(68)	(886)
Net cash flow (used in) / generated from operating activities	(10)	166
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(112)	(76)
Proceeds from sale of property, plant and equipment	(1)	1
Net cash flow used in investing activities	(113)	(75)
Cash flows from financing activities		
Finance lease liabilities paid	(81)	(18)
IFRS 16 lease liabilities entered into / (paid)	66	-
Net cash flow used in financing activities	(15)	(18)

13 Disposal group **(Continued)**

The assets and liabilities of the subsidiary were stated at fair value less costs to sell, comprised of the following:

	2022 £'000
Property, plant and equipment	160
Contract assets	680
Trade and other receivables	102
Cash and cash equivalents	188
Total assets classified as held for sale	1,130

	2022 £'000
Lease liabilities – IFRS 16	(66)
Trade and other payables	(233)
Amounts owed to group undertakings	(26)
Total liabilities classified as held for sale	(325)

14 Inventories

	2022 £'000	2021 £'000
Inventory	2,330	2,047

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £12.695 million (2021: £12.311 million).

15 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	27,270	20,946
VAT recoverable	334	717
Prepayments	2,256	2,639
Other receivables	540	443
	30,400	24,745

All the above are due for settlement within 12 months.

Included within trade receivables of £27,270,000 (2021: £20,946,000) there is an impairment of £5,139,000 (2021: £5,831,000) relating to expected credit losses.

Included within other receivables is £140,000 (2021: £nil) relating to securities over cash held on deposit.

16 Trade and other payables

	2022 £'000	2021 £'000
Current:		
Trade payables	11,537	11,326
Non-trade payables and accrued expenses	3,347	3,229
Accruals and deferred income	12,764	16,544
Social security and other taxation	8,444	10,302
Corporation tax	1,647	779
	37,739	42,180

	2022 £'000	2021 £'000
Non-current:		
Shareholder loan notes	-	18,308
Other	1,427	1,738
	1,427	20,046

Shareholder loan notes were repaid in June 2021 as part of the re-finance.

17 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate, foreign exchange and liquidity risks. The Group primarily finances its operations using share capital, operating cash flow and borrowings.

The Group does not engage in trading or speculative activities using derivative financial instruments.

Financial assets and liabilities

The financial assets and liabilities held by the Group are as follows:

	Financial assets 2022 £'000	Financial liabilities 2022 £'000	Financial assets 2021 £'000	Financial liabilities 2021 £'000
Trade and other receivables, including contract assets*	31,017	-	25,459	-
Cash	9,911	-	21,148	-
Secured bank borrowings	-	76,638	-	62,486
Finance lease liabilities	-	4,391	-	2,458
IFRS 16 lease liabilities	-	7,684	-	7,097
Trade and other payables	-	39,166	-	36,908
Shareholder loan notes	-	-	-	18,308
	40,928	127,879	46,607	127,257

*This excludes prepayments and any VAT recoverable

At the reporting dates, the carrying amount of the Group's financial assets and liabilities are measured at amortised cost which is a reasonable approximation of fair value.

17 Financial instruments **(Continued)**

Risk management

The main risks arising from the Group's financial instruments are credit, liquidity, currency and interest rate risk. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all commercial customers.

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

No collateral is held as security in respect of amounts outstanding, however in a number of instances deposits may be held against the value of security equipment provided. A deposit equal to one month of customer licence fee is also collected from all Guardians.

The Group establishes an allowance for impairment that is based on historical experience of dealing with customers within the same risk profile. The maximum exposure to credit risk is represented by the carrying amount of each financial asset recorded in the balance sheet.

Trade receivables and contract assets
Credit risk for trade receivables and contract assets net of impairment allowances by geographic region was as follows.

	2022	2021
	£'000	£'000
Contract assets		
United Kingdom	1,042	1,966
Rest of Europe	2,165	2,104
	3,207	4,070

	2022	2021
	£'000	£'000
Trade receivables		
United Kingdom	11,671	7,810
Rest of Europe	15,599	13,136
	27,270	20,946

17 Financial instruments **(Continued)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2022.

	2022 £'000	2021 £'000
Not past due	19,246	15,740
Past due 0-90 days	5,435	4,163
Past due 91-180 days	1,759	908
Past due 180+ days	830	135
	27,270	20,946

The Group uses an allowance matrix to measure the ECL of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk, using data from on the Group's historical experience of credit losses from up to 15 months from the date credit loss rates are being determined

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2022 £'000	2021 £'000
At 1 April 2021	5,831	7,489
Amounts written off	(115)	(33)
Net remeasurement of loss allowance	(577)	(1,625)
At 31 March 2022	5,139	5,831

17 Financial instruments **(Continued)**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically, the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 13 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure sufficient headroom on financial covenants.

The Group monitors available borrowing facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing.

Foreign exchange risk

The Group is exposed to foreign exchange risk on transactions denominated in Euros through its European subsidiaries. The Group manage its foreign exchange risk by matching the currency of its borrowings in line with the net cash flow generated in Sterling and Euro and then seeks to minimise the amount of net Euro cash flow used to settle Sterling liabilities.

Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings.

The Group's policy is to review regularly the terms of its borrowing facilities, and to assess and manage interest rate risk relating to long-term borrowing commitments. The Group's risk management policies include the use of derivative instruments.

Sensitivity analysis

In managing interest rate and currency risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2022 it is estimated that after applying the Group's risk management policies, a general increase of one percentage point in interest rates would have increased the Group's loss before tax by approximately £0.90 million (2021: £0.89 million) assuming all other variables are equal.

At 31 March 2022 the Group's assets and liabilities denominated in Euros was in aggregate a net liability of €2.1 million (2021: net liability of €14.9 million). It is estimated that after applying the Group's risk management policies, a general weakening/strengthening of the Euro exchange rate to the British Pound Sterling would have decreased/increased the Group's loss before tax by approximately £0.02 million (2021: £0.13 million) assuming all other variables are equal.

Financial liabilities – analysis of maturity dates

At 31 March 2022, the Group had the following financial liabilities, and the table also shows the maturity profile of the contractual cash flows, including payments of future interest assuming no change in the variable rates between the year end and maturity:

17 Financial instruments (Continued)

	Trade and other payables £'000	Secured bank borrowings £'000	Finance lease obligations £'000	IFRS 16 lease obligations £'000	Total £'000
31 March 2022					
Carrying value	39,166	76,639	4,391	7,684	127,879
Contractual cash flows:					
Less than one year	37,739	11,739	1,533	2,740	53,751
One to two years	676	-	1,846	1,969	4,491
Two to five years	629	-	1,377	2,616	4,622
Over five years	122	66,970	-	1,227	68,319
	39,166	78,709	4,756	8,552	131,183
31 March 2021					
Carrying value	62,226	62,486	2,458	7,097	134,267
Contractual cash flows:					
Less than one year	42,180	3,876	1,088	3,092	50,236
One to two years	19,965	60,252	893	1,798	82,908
Two to five years	-	-	753	2,089	2,842
Over five years	81	-	-	1,135	1,216
	62,226	64,128	2,734	8,114	137,202

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, other than interest bearing balances with the parent undertaking, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 17.

	2022 £'000	2021 £'000
Non-current liabilities		
Bank loans and overdrafts – Senior debt	64,899	58,514
Bank loans and overdrafts - RCF	-	-
Shareholder loan notes	-	18,308
Finance lease liabilities	3,005	1,476
	67,904	78,298
Current liabilities		
Bank loans and overdrafts – Senior debt	1,740	3,972
Bank loans and overdrafts - RCF	10,000	-
Finance lease liabilities	1,386	982
	13,126	4,954

During the year, the Group completed on a refinancing exercise to put in place a new funding structure with a new lender, Deutsche Bank AG.

In June 2021, under the new arrangement, the Group's previous facility was repaid and replaced with a £90.1m facility comprised of £67.6m Senior Debt, £10m Revolving Credit Facility ("RCF"), and £12.5m Acquisition Credit Facility ("ACF").

The Senior Debt comprised of term loans and a Revolving Credit Facility as detailed below:.

As at 31 March 2022:

Type	Borrower	Interest rate	Facility amount 2022 £'000	 2022 €'000	Original facility date	Maturity date
Senior Debt – GBP	Tyrion Security Bidco Limited	SONIA + 6.75%	23,750	N/A	Jun 2021	May 2028
Senior Debt – EUR	Tyrion Security Bidco Limited	EURIBOR+ 6.75%	21,716	25,625	Jun 2021	May 2028
Senior Debt – EUR	VPSitex Holdings France SAS	EURIBOR+ 6.75%	21,504	25,375	Jun 2021	May 2028
RCF	Tyrion Security Bidco Limited	SONIA + 6.75%	10,000	N/A	Jun 2021	May 2028
ACF - GBP	Tyrion Security Bidco Limited	SONIA + 6.75%	6,250	N/A	Jun 2021	May 2028
ACF - EUR	Tyrion Security Bidco Limited	EURIBOR+ 6.75%	6,174	7,286	Jun 2021	May 2028

The Senior Debt facilities are repayable on the facilities' maturity date in May 2028.

At 31 March 2022 the Senior Debt facilities and RCF were fully drawn. £11.3m of the ACF was drawn on 29 July 2022 in order to fund the acquisition of M&R Solutions Limited.

18 Interest-bearing loans and borrowings **(Continued)**

Borrowings are secured against the assets of the following Group companies by Kroll Agency Services Limited (formerly known as Lucid Agency Services Limited), acting as security agent on behalf of lender Deutsche Bank AG:

- Tyrion Security Midco Limited
- Tyrion Security Bidco Limited
- VPS Holdings Limited
- Vacant Property Security Limited
- VPS (UK) Limited
- VPS Site Security Limited
- Evander Glazing and Locks Limited

As at 31 March 2021:

		Facility amount		
Type	**Interest rate**	**2021 £'000**	**Original facility date**	**Maturity date**
Senior Debt – EUR	EURIBOR +4.28%	30,954	Jul 2014	Jul 2022
Senior Debt – GBP	LIBOR +4.28%	14,281	Jul 2014	Jul 2022
Mezzanine Debt – EUR	8%	17,252	Jul 2014	Jul 2022

At 31 March 2021 all facilities were fully drawn. The Group also had a Revolving Credit Facility of £1 million of which £0.0 million was drawn down.

Borrowings were secured against the assets of the Group's companies.

18 Interest-bearing loans and borrowings **(Continued)**

	Future interest payments 2022 £'000	Future capital payments 2022 £'000	Amortised cost 2022 £'000	Future interest payments 2021 £'000	Future capital payments 2021 £'000	Amortised cost 2021 £'000
At 31 March		78,709	76,638		64,128	62,486
Settle in year 1	5,065	11,739	11,739	2,106	3,876	2,738
Settle in year 2	4,962	-	-	595	60,252	59,748
Settle in years 3 to 5	20,772	66,970	64,899	-	-	-
	30,799	78,709	76,638	2,701	64,128	62,486

Lease liabilities IFRS 16

Lease liabilities IFRS 16 are payable as follows:

	Minimum lease payments 2022 £'000	Interest 2022 £'000	Principal 2022 £'000	Minimum lease payments 2021 £'000	Interest 2021 £'000	Principal 2021 £'000
Less than 1 year	2,740	288	2,452	3,092	448	2,644
1 to 2 years	1,969	194	1,775	1,798	160	1,638
2 to 5 years	2,616	252	2,364	2,089	265	1,824
More than 5 years	1,227	134	1,093	1,135	144	991
	8,552	868	7,684	8,114	1,017	7,097

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2022 £'000	Interest 2022 £'000	Principal 2022 £'000	Minimum lease payments 2021 £'000	Interest 2021 £'000	Principal 2021 £'000
Less than 1 year	1,533	147	1,386	1,088	106	982
1 to 2 years	1,846	137	1,709	893	95	798
2 to 5 years	1,377	81	1,296	753	75	678
	4,756	365	4,391	2,734	276	2,458

19 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £1.142 million (2021: £1.903 million).

20 Provisions

	Property £'000	Other £'000	Total provisions £'000
Balance at 31 March 2021	1,561	102	1,663
Provision increase	268	-	268
Provision utilised	-	(102)	(102)
Balance at 31 March 2022	1,829	-	1,829
Non-current	1,829	-	1,829

Property
The Group has dilapidation provisions expenditure included under "Property" in the above table. The provisions are expected to conclude at the end of the respective leases ranging from 2022 to 2028. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot estimate.

Other
Provisions included within "Other" are amounts relating to restoring costs of leased vehicles.

21 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £'000	Liabilities 2022 £'000	Assets 2021 £'000	Liabilities 2021 £'000
Intangible assets	-	4,363	-	5,005
Net tax liabilities	-	4,363	-	5,005

Deferred tax liabilities have been recognised on the value of intangible assets recognised on acquisition of subsidiaries. The liability is released to the income statement, via the tax charge / (credit) line, as the intangible assets are amortised as the amortisation is not an allowable cost for the purposes of calculating taxable profit. The balance also moves as the sterling value of intangible assets recognised in euros changes with exchange rate movements.

Movements in deferred tax assets / (liabilities) during the year:

	At 1 April 2021 £'000	Change in Tax rate £'000	Liabilities amortised £'000	Net assets recognised £'000	Transferred to liabilities held for sale £'000	At 31 March 2022 £'000
Net tax liabilities	5,005	1,771	(1,709)	(530)	(174)	4,363

21 Deferred tax assets and liabilities **(Continued)**

Movements in deferred tax assets / (liabilities) during the prior year:

	At 1 April 2020 £'000	Change in Tax rate £'000	Liabilities amortised £'000	Foreign exchange movements £'000	Other £'000	At 31 March 2021 £'000
Net tax liabilities	6,508	-	(1,402)	(101)	-	5,005

22 Share capital

Number of shares ***Allotted, called-up and fully paid***	**A Ord. shares of £0.01 each Number**	**Deferred shares of £0.0001 each Number**	**Voting Ord. shares of £0.01 each Number**	**Non-voting shares of £0.01 each Number**
At 31 March 2021	889,650	140,213,079	55,357	35,705
Issued during the year	57,405	-	-	874
At 31 March 2022	947,055	140,213,079	55,357	36,579

Value ***Allotted, called-up and fully paid***	**Share capital £**	**Share premium £**
At 31 March 2021	23,828	21,583,303
Shares issued during the year	583	5,399,426
Capital reduction	-	(1,685,134)
Purchase of shares	-	9,815
At 31 March 2022	24,411	25,307,410

Classes of share capital

Any distributable profits which the Company may determine to distribute are distributed amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares, and Voting Ordinary Shares pari passu. The Deferred shares carry no right to participate in a dividend.

On a return of capital, the surplus assets of the Company remaining after the payment of liabilities and all other sums payable in priority will be applied as follows: (i) the first £1,000,000,000 amongst the holders of the A Ordinary shares, Non-voting Ordinary shares and Voting Ordinary shares in accordance with each shareholder's Individual Payment, and (ii) second, each holder of the Deferred shares will be entitled to receive an amount equal to £1 in aggregate for all Deferred shares held by such shareholder,
(iii) third, any balance of such assets will be distributed in the same manner as under (i) above. Individual Payment is his pro rata proportion of the total assets allocated to the relevant class of A Ordinary shares, Voting Ordinary shares or Non-Voting Ordinary shares in accordance with the Articles. Such amount will depend on whether the Investor receives certain hurdles in respect of its holding of A Ordinary shares on such return of capital, as set out in the Articles.

22 Share capital (Continued)

The A Ordinary shares, Voting Ordinary shares, Non-voting Ordinary shares and Deferred shares carry no redemption rights.

Shares held by employees

A number of employees and former employees of the Group are shareholders and registered members of the Company.
All shares issued by the Company are subject to restrictions relating to transfers and may only be transferred to parties that are permitted transferees under the Company's Articles of Association ("Articles").

Should an employee leave the employment of the Group, the Company may require for the shares held by the individual to be transferred to a third party for a consideration determined by the methods stipulated in the Articles. The consideration is dependent on the manner in which the individual leaves the employment of the Group and is based on the original consideration paid by the individual for the shares and a determined "Fair Price", which may be based on the opinion of an independent expert.

On 3 June 2021, 57,405 A Ordinary Shares with a nominal value of £0.01 each were issued for a price of £94.06846 per share, and total consideration of £5,400,000.

On 26 January 2022, 874 Non-voting shares with a nominal value of £0.01 each were issued for a price of £11.24 per share, and total consideration of £9,824

On 8 March 2022, a special resolution was passed to reduce the share premium account by £1,685,134.

23 Other reserves

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Other reserves
Other reserves comprise a capital contribution from the ultimate controlling shareholder PAI Partners SAS and pre-paid shares not yet issued at the year end.

24 Commitments

There were no significant capital commitments at 31 March 2022 (2021: £nil).

25 Related party transactions

Details of transactions between the Group and related parties are detailed below.

Key management personnel compensation
The directors are the key management personnel of the Group.

	2022 £'000	2021 £'000
Directors' remuneration	2,245	2,475
Company pension contributions to defined contribution schemes	42	29
	2,287	2,504

25 Related party transactions **(Continued)**

Highest paid director

The highest paid director received remuneration of £676,000 (2021: £905,000). No contributions were paid to money purchase pension plans for the highest paid director.

Transactions with related parties

PAI Partners SAS is considered to be a related party by virtue of its control of the parent company, Targaryen Security 1 Sarl. In 2019 PAI Partners SAS, invested £15 million held as PAI mezzanine debt maturing in July 2022 with a coupon rate of 8%. As part of the Group refinancing, this debt, which totalled £18.3m, was repaid in June 2021. The balance outstanding on the loan at 31 March 2021 was £18.5m.

As at 31 March 2022, the amount due to PAI Partners SAS in respect of other arms-length transactions was £0.6 million (2021: £0.7 million).

During the financial year, services amounting to £12,676 (2021: £nil) were provided to the Group by the spouse/close family member of one of the directors of the Group. These transactions were made at arms length. At the year end the balance outstanding was £nil (2021: £nil).

Transactions with the ultimate parent undertaking

During the year, 984 pre-existing Non-voting shares were purchased from Targaryen Security 1 Sarl by a director for £11,000.

As at 31 March 2022, the amount due to Targaryen Security 1 Sarl was £11,000 (2021: £nil).

There were no transactions with the ultimate parent company during the prior year.

26 Controlling party

The ultimate parent of the Company is Targaryen Security 1 Sarl, a Luxembourg-based company which is controlled by PAI Partners SAS, a private equity firm based in France.

The largest group in which the results of the Company are consolidated is that headed by the Company. No other group financial statements include the results of the Company.

27 Events after the reporting date

On 22 July 2022 the VPS Group completed the purchase of M&R Solutions Ltd, a security services company, paying consideration of £18.6m to acquire 100% of the share capital and voting equity interest. The primary reason for the business combination was to increase market share and leverage expected synergies.

On 30 September 2022 the Group completed the sale of Redfields Landscaping and Design Limited.

TYRION SECURITY TOPCO LIMITED

COMPANY BALANCE SHEET
AT 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	30	1,064	1,064
Current assets			
Debtors, including £23,871,000 (2021: £20,587,000) due after one year	31	27,040	20,677
Creditors: amounts falling due within one year	32	(115)	-
Net current assets		26,925	20,677
Total assets less current liabilities		27,989	21,741
Creditors: amounts falling due after more than one year	32	(19)	-
Net assets		27,970	21,741
Capital and reserves			
Share capital	33	24	24
Share premium account		25,256	21,532
Other reserves		1,185	185
Profit and loss account		1,505	-
		27,970	21,741

The accompanying notes form an integral part of these financial statements.

Parent Company Statement of Profit and Loss for the Year Ended 31 March 2022

No statement of profit and loss is presented for Tyrion Security Topco Limited as permitted under section 408 of the Companies Act 2006. The parent company's result for the year ended 31 March 2022 is £nil (2021: £nil).

The financial statements were approved by the board of directors and authorised for issue on 9 December 2022 and are signed on its behalf by:

R Jones
Director

Company registered number: 08922409

TYRION SECURITY TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR TO 31 MARCH 2022

	Share capital	Share premium account	Other reserves	Profit and loss account	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2020 and 2021	24	21,532	185	-	21,741
Year to 31 March 2022:					
Issue of shares	-	5,409	-	-	5,409
Capital contribution	-	-	1,000	-	1,000
Capital reduction	-	(1,685)	-	1,685	-
Dividends paid	-	-	-	(180)	(180)
Balance at 31 March 2022	**24**	**25,256**	**1,185**	**1,505**	**27,970**

32 Creditors

	Due within one year		Due after more than one year	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Amounts due to group undertakings	104	-	19	-
Other creditors	11	-	-	-
	115	-	19	-

Amounts owed to group undertakings are unsecured and non-interest bearing. Amounts due within one year are repayable on demand.

33 Share capital

Number of shares *Allotted, called-up and fully paid*	**A Ord. shares of £0.01 each Number**	**Deferred shares of £0.0001 each Number**	**Voting Ord. shares of £0.01 each Number**	**Non-voting shares of £0.01 each Number**
At 31 March 2021	889,650	140,213,079	55,357	35,705
Issued during the year	57,405	-	-	874
At 31 March 2022	947,055	140,213,079	55,357	36,579

Value *Allotted, called-up and fully paid*	**Share capital £**
At 31 March 2021	23,828
Shares issued during the year	583
Capital reduction	-
Purchase of shares	-
At 31 March 2022	24,411

Classes of share capital

Any distributable profits which the Company may determine to distribute are distributed amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares, and Voting Ordinary Shares pari passu. The Deferred shares carry no right to participate in a dividend.

33 Share capital **(Continued)**

On a return of capital, the surplus assets of the Company remaining after the payment of liabilities and all other sums payable in priority will be applied as follows: (i) the first £1,000,000,000 amongst the holders of the A Ordinary shares, Non-voting Ordinary shares and Voting Ordinary shares in accordance with each shareholder's Individual Payment, and (ii) second, each holder of the Deferred shares will be entitled to receive an amount equal to £1 in aggregate for all Deferred shares held by such shareholder, (iii) third, any balance of such assets will be distributed in the same manner as under (i) above. Individual Payment is his pro rata proportion of the total assets allocated to the relevant class of A Ordinary shares, Voting Ordinary shares or Non-Voting Ordinary shares in accordance with the Articles. Such amount will depend on whether the Investor receives certain hurdles in respect of its holding of A Ordinary shares on such return of capital, as set out in the Articles.

The A Ordinary shares, Voting Ordinary shares, Non-voting Ordinary shares and Deferred shares carry no redemption rights.

Shares held by employees

A number of employees and former employees of the Group are shareholders and registered members of the Company. All shares issued by the Company are subject to restrictions relating to transfers and may only be transferred to parties that are permitted transferees under the Company's Articles of Association ("Articles").

Should an employee leave the employment of the Group, the Company may require for the shares held by the individual to be transferred to a third party for a consideration determined by the methods stipulated in the Articles. The consideration is dependent on the manner in which the individual leaves the employment of the Group and is based on the original consideration paid by the individual for the shares and a determined "Fair Price", which may be based on the opinion of an independent expert.

On 3 June 2021, 57,405 A Ordinary Shares with a nominal value of £0.01 each were issued for a price of £94.06846 per share, and total consideration of £5,400,000.

On 26 January 2022, 874 Non-voting shares with a nominal value of £0.01 each were issued for a price of £11.24 per share, and total consideration of £9,824

On 8 March 2022, a special resolution was passed to reduce the share premium account by £1,685,134.

34 Other reserves

	£'000
Balance at 31 March 2021	185
Capital contribution	1,000
Balance at 31 March 2022	1,185

During the year to 31 March 2022 the Company received a capital contribution of £1,000,000 from PAI Partners SAS, its ultimate controlling party.

35 Related party transactions

The Company has taken advantage of exemptions not to disclose transactions with entities wholly owned by the group headed by the Company.